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Central Intelligence Bulletin

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*North Korea: US reconnaissance located the Pueblo in Wonsan Bay on 26 January.

The ship appears to be undamaged and there is no evidence of salvage operations in the area where she may have jettisoned some of her electronic equipment.

Pyongyang's position on the affair remains adamant. Reacting to yesterday's deliberations in the UN Security Council, Pyongyang radio voiced the government's strong opposition to any debate of the US appeal. The radio added that North Korea will ignore any Security Council resolution "rigged up to cover the US imperialists' aggression"—a statement in line with Pyongyang's policy during the past 21 years of refusing to recognize UN competence in dealing with Korean matters.

North Korean attempts to wring maximum propaganda gain from statements attributed to the <u>Pueblo's</u> commanding officer, Commander Bucher, continue apace. Yesterday Pyongyang broadcast a "press interview" in which Bucher allegedly referred to the "confession" made by "the crew of my ship." He is quoted as saying his men "should be punished in accordance with the criminal law" of North Korea. He also reportedly linked the <u>Pueblo's</u> mission with the Vietnam war, stating that the ship's mission against North Korea was in preparation for a "new war of aggression in Asia" and that the US "regards Korea and Vietnam as two fronts."

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Radio Peking broke its silence on the Pueblo in-
cident yesterday, rebroadcasting without comment
the North Korean news agency account of the incident
and its text of Commander Bucher's "confession."

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NOTES

Denmark: A period of political maneuvering is in prospect with the announcement yesterday that Hilmar Baunsgaad, a Radical Liberal leader, will try to form a government. Baunsgaad and his pacifist-minded party, which holds the balance of power in parliament, have declared their willingness to cooperate either with the two major non-Socialist parties or with the Social Democrats. Foreign policy and defense issues are expected to be a major stumbling block to forming a coalition in view of sentiment among the Radical Liberals favoring reconsideration of Denmark's membership in NATO.

Israel: The Israelis are moving ahead to absorb the Jordanian sector of Jerusalem, and Arab citizens there fear that they are being squeezed out of the city. The Israelis are now bulldozing in undeveloped areas which they expropriated on 11 January within the Jordanian part of the city and are implementing their own development projects for the land. Israel is also pressing Arab banks throughout occupied Jordan to reopen under Israeli banking rules. Minister of Defense Dayan has warned that Tel Aviv will take steps to force this move if the Arabs resist.

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*Brazil: The government has reacted strongly in an apparent effort to counter a suspected plot by catalytic opposition leader Carlos Lacerda. Military and security forces are on alert as Lacerda--considered an agitator by military hardliners who would like to see his political rights nullified--is scheduled to speak tonight in Sao Paulo, where the atmosphere is highly charged. Although some violence could erupt following Lacerda's speech, the government's response may well be an overreaction as there is little indication that the stability of the Costa e Silva regime is in jeopardy.

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